



DEPARTMENT OF

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STATE OF MAINE

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- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF PROF. AND OCC. REGULATION

A Consumer's Guide to....

# LONG-TERM CARE INSURANCE



A publication of  
the  
Maine Bureau of Insurance

Paul R. LePage  
Governor

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# General Brochure Information

This brochure is designed to help consumers compare **some** of the long-term care policies offered in Maine. Eligibility for coverage, the types of benefits offered, and the cost of premiums vary among companies.

Please use this brochure only as a guide.

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*August 2012*

## What is long-term care insurance?

Long-term care insurance provides at least 12 consecutive months of coverage for health services received in a place other than an acute care unit of a hospital or similar facility. The services are given to patients who suffer from prolonged physical illness, disability, or cognitive impairment.

A long-term care policy pays benefits for covered expenses incurred in nursing, assisted living, and retirement homes, community settings such as adult day care centers, in the insured's own residence, and in hospices. Benefits are available to pay for services received from skilled, intermediate, and custodial caregivers. For benefits to be paid, the services received must be given under a doctor's written plan of care.

# Long-term Care Insurance Terminology

**Elimination Period:** the number of days of care that you receive and must pay out-of-pocket **before** the insurance company begins to pay.

**Benefit Period:** how long your benefits will last. Benefit periods are usually stated in terms of a maximum number of days, months, or years, or for home health care, a maximum number of visits.

**Home Health Care:** includes services received in your home that may include, but are not limited to, skilled nursing care, speech, respiratory, physical or occupational therapy, or home health aide services. Assistance with personal hygiene, dressing, or feeding may also be included.

**Adult Day Care:** provides supervision for the insured during the day when family members are not at home.

**Activities of Daily Living (ADLs):** are those everyday functions that one can generally perform without assistance. ADLs include: bathing, toileting, dressing, eating, and transferring (e.g., the ability to move from a bed to a wheelchair). Many policies require your inability to engage in two ADLs as a condition of paying benefits.

**Assisted Living Facilities:** provide ongoing care and related services to support those needs resulting from a person's inability to perform activities of daily living.

**Respite Care:** includes services that can give family members a rest or vacation from their care giving responsibilities. It can be provided in a variety of settings including an individual's home or a nursing home.

**Hospice Care:** a program of care and treatment either in a hospice care facility or in the home for persons who are terminally ill and have a life expectancy of six months or less.

**Medical Underwriting:** an insurance company's process of reviewing an applicant's medical information and determining if they want to cover the applicant. Individual long-term care insurance is medically underwritten. This means the insurance company can refuse your application for a policy if you do not meet its guidelines.

**Pre-Existing Condition:** a health problem you may have had (or currently have) when you apply for a policy. A pre-existing condition is usually defined as a condition for which medical advice or treatment was recommended by or received by you within six months before the effective date of your coverage.

**Outline of Coverage:** a policy summary to make shopping for a policy easier which must be given to you when the insurer, either directly or through an agent, first approaches you to buy a long-term care policy. In addition to summarizing the product, the Outline of Coverage must tell you that you may contact the Bureau of Insurance for help to understand the policies you are interested in buying.

**Waiver of Premium:** a provision included in an insurance policy that allows for the non-payment of premiums while the insured is receiving benefits.

## Basic Benefits:

The basic benefit in a long-term care policy is the payment of benefits for covered services after you satisfy the elimination period, up to the maximum amounts provided by the policy. The overall maximum benefits may be a dollar amount such as \$120,000 or a formula amount such as \$200 per day for up to 600 days of nursing home benefit. There is also a maximum daily limit for the other benefits in the policy. Typically, the nursing home benefit is the maximum daily benefit (e.g., \$250) and care provided at home or in an assisted living facility may be some percentage of the maximum daily benefit, such as 50%. If the daily reimbursements of the policy are less than the maximum daily benefit, the benefits under a typical long-term care policy are extended until the overall maximum is reached. Often, a portion of the overall maximum benefit may be reinstated if you recover for a specific period of time.

Most long-term care insurance provides expense-based or indemnity payments. Expense-based policies reimburse the insured for actual costs of covered services up to a stated limit (e.g., \$250/day). Indemnity policies pay a specified amount daily if the insured is receiving qualifying care, regardless of the actual expense of this care.

## Other Benefits:

### What happens if long-term care costs rise?

From the time you first buy the policy until you actually need to use the benefits, the cost of care is likely to increase. Because you may not need long-term care until many years after the policy is first issued, several options are usually available that provide protection from future increases in long-term care costs. Maine law requires insurers to offer you an option to increase the amount of benefits in your policy to take into account the growing cost of care. These options come in a number of forms and are usually available only when the policy is initially purchased. These options increase the overall and daily maximums in the policy as follows:

- An automatic built in percentage increase each year with no change in premium. This increase may occur even if you are disabled. The cost of this option may significantly increase the premium.
- An automatic offer to increase benefits each year at the then-current price for the increase in benefit, subject to you periodically using this option. The cost of this option causes premium increases in future years when you choose it.
- An increase in the benefit that occurs only while you are disabled. This option is usually associated with one of the other two options previously mentioned.

These options may be called different names like “guaranteed insurability,” “cost of living coverage,” “inflation protection,” etc.

### What happens if I can no longer afford my policy?

When you first buy your policy, you must be offered the opportunity to include a surrender benefit (sometimes called a nonforfeiture benefit). The surrender benefit gives you a benefit at a later date if you decide that you no longer want to continue the policy by paying the premium. This benefit may be cash or some form of limited long-term care benefit and usually increases with the length of time that the policy is in force. The cost of this benefit can be very expensive.

If you don’t accept the offer of a nonforfeiture benefit when you first buy the policy, a company is required to provide a “contingent benefit upon lapse.” This means that when your premiums increase to a certain level (based on a table of increases), the contingent benefit upon lapse will take effect.

### Example of a contingent benefit upon lapse:

If you are 70 years old and have **not** accepted the insurance company’s offer of a nonforfeiture benefit, when the premium rises to 50% more than the original premium you will be offered the opportunity to accept one of the “contingent benefits upon lapse.” The benefits offered are:

- 1) a reduction in the benefits provided by the current policy so that premium costs stay the same; or
- 2) a conversion of the policy to paid-up status with a shorter benefit period.

You may also choose to keep your policy and continue to pay the higher premium.

### WHAT IF I CHANGE MY MIND ABOUT BUYING THE POLICY?

#### 30 DAY "FREE LOOK"

For the first 30 days after buying a policy, you may return it **without** cost. If you are not satisfied with the policy for any reason, you can return it to the insurance company and receive a full refund of any premium paid.

# Premiums

## Can my policy be cancelled?

Once you are issued an individual policy, the policy is renewable as long as premiums continue to be paid. If premiums are not paid, the insurer can terminate the policy subject to any nonforfeiture benefit that the policy may have. Premiums are lower the younger you are when the policy is issued.

## Will my rates go up?

Rate increases have become more common on long-term care policies primarily because companies introduced this product when there was little reliable data on which to base their rates, and their assumptions were too optimistic. These premium increases have been significant in some instances. Before a company issues a policy, Maine law requires long-term care insurers to provide you information on how often and by how much they have increased premiums in the past. Having this premium information may help you to determine the likelihood of future premium increases from this company.

Although the policy is guaranteed to be renewable, that does not prevent the premium from increasing. Increases in premiums, however, are allowed only for the entire “class” of persons with the same coverage and only with the prior approval of the Maine Superintendent of Insurance. For example, the premium may be increased for all insureds who have the same policy and who have reached their 68<sup>th</sup> birthday. Premium increases are based on an increase in the company's claims experience as insureds grow older. The insurer may not raise your premium based only on **your** claims.

The insurer may offer a premium discount if you and your spouse are covered. Some policies offer an additional benefit if your spouse is covered.

## For how long must I pay premiums?

Some companies offer several options regarding how long the premiums are payable. The typical premium paying period is over your lifetime. For those young enough, the premium paying period may be reduced so that payments are limited to 10 years or to age 65. These limited payment options come with a steep increase in annual premium; however, they could save money over the long-term, especially if there are future rate increases that affect premiums that would have been paid after the reduced premium paying period.

## Potential State Income Tax Benefits

The amount of money you pay for premiums may be deducted on your Maine income tax return (as well as your federal return). To be eligible to use premiums as a health care expense, your policy must qualify for income tax incentives under Maine law. The policy should have wording that says whether it is “tax qualified”. If you are not sure about possible deductibility, your agent should be able to help you.

## MAINE'S LONG-TERM CARE PARTNERSHIP PROGRAM

The Maine Long-term Care Partnership Program involves state government and private insurers. Its purpose is to encourage people to prepare for their future care needs by purchasing insurance that pays benefits when a person needs long-term care.

Under the Partnership Program, the state will disregard the policyholder's personal assets equal to amounts paid out under a qualifying long-term care insurance policy in determining the person's eligibility for Medicaid (MaineCare) assistance. For example, if a qualifying insurance policy pays out \$50,000 in benefits to cover a person's long-term care needs, MaineCare would not count up to \$50,000 of the person's assets when it determines whether the person is eligible for MaineCare assistance with long-term care costs. This means that the person may be able to qualify for long-term care assistance through MaineCare without first having to spend all of their personal assets on care. For information on all MaineCare eligibility requirements, please contact the Office of MaineCare Services at (207) 287-2674.

It is important to remember that only certain types of long-term care policies qualify for the Partnership Program and the state and federal laws governing the program are subject to change. The companies listed below offer approved partnership policies. For partnership policy numbers, the most up-to-date list of carriers, or the Bureau's Partnership Program brochure, please contact the Bureau of Insurance or visit our website ([www.maine.gov/insurance](http://www.maine.gov/insurance)).

**If you are considering purchasing long-term care insurance, talk with your agent about whether a partnership policy is appropriate for your needs.**

Insurance Companies	
Allianz Life Ins. Co. of No. America	Mutual of Omaha Ins. Co.
American General Life Ins. Co.	New York Life Ins. Co.
Assurity Life Ins. Co.	Northwestern LTC Ins. Co.
Bankers Life & Casualty Co.	Prudential Ins. Co. of America
Berkshire Life Ins. Co. of America	State Farm Mutual Automobile Insurance Co.
Genworth Life Ins. Co.	Transamerica Life Ins. Co.
John Hancock Life Ins. Co. (USA)	United of Omaha Life Ins. Co.
Massachusetts Mutual Life Ins. Co.	

## Rate Comparison Charts

The rate comparison charts on the next three pages include the available benefit and elimination periods that each listed company offers in their long-term care policies. Companies were asked to quote rates as close as possible to a five year benefit period and a 90 day elimination period.

The first chart provides rates for a \$150 a day benefit and the second a \$250 a day benefit.

**These rates are representative of available products; however, rates and benefits are subject to change.**

Your long-term care policy premium will depend on:

- your **age** when the policy is issued;
- the maximum **daily benefit** that you choose;
- the maximum **lifetime benefit** period that you select;
- the length of the **elimination period** in the policy; and
- any **optional benefits** you choose to add to your policy.

# Rate Comparison Chart: \$150/day benefit

Company	Available Benefits Periods	Available Elimination Periods	Premium deductible on Maine State income tax form?	Benefit period and Elimination Period used for premium comparison		1 <sup>st</sup> Year Premium		Notes
				Benefit Period	Elimination Period	Issue age 65 \$150/day benefit	Issue age 75 \$150/day benefit	
<b>Bankers Life and Casualty Co.</b>  For inquiries: (800) 231-9150 or www.bankers.com	Days: 365, 500, 730, 1000, 1095, 1460, 1500, 1825, 2000, 2190, 2500, 2920, lifetime	Days: 0, 15, 30, 60, 90, 180, 365, 730, 1095, 1460	Yes	1825 days (Policy pays up to maximum dollar amount)	90 days	\$3,241 Standard Single Insured	\$7,843 Standard Single Insured	Bankers sample premium includes premium for a Comprehensive Services Benefit Rider 310A & a Restoration of Benefits Rider 304R.
<b>Massachusetts Mutual Life Insurance Co.</b>  For inquiries: (800) 767-1000 ext. 22222 or www.massmutual.com	Years: 2, 3, 4, 5, 6	Days: 30, 60, 90, 180	Yes	5 years	90 days	\$2,145.78	\$5,963.55	
<b>New York Life Insurance Co.</b>  For inquiries: (800) 224-4582 or www.newyorklifelife.com	Years: 2, 3, 4, 5, 7, 10, lifetime	Days: 20, 90, 180, 365	Yes	5 years	90 days	\$1,897.70	\$4,973.95	
<b>Transamerica Life Insurance Co.</b>  For inquiries: (866) 475-8986 or www.transamericalife.com	Years: 1, 2, 3, 4, 5, 6, lifetime	Days: 0, 30, 60, 90, 180	Yes	5 years	90 days	\$1,960.61	\$5,296.72	
<b>Northwestern Long Term Care Insurance Co.</b>  For inquiries: (800) 890-6704 or www.northwesternmutual.com	Years: 3, 6, lifetime	Weeks: 6, 12, 25, 52	Yes	6 years	12 weeks	\$2,556	\$6,475.50	Northwest Long Term Care Insurance Company has a Monthly Limit (MML) versus and Daily Limit. For the \$150 day comparison, NLTC uses a \$4500 MML
<b>Genworth Life Insurance Co.</b>  For inquiries: (888) 436-9678 or www.genworth.com	Days: 730, 1095, 1460, 1825, 2190, 2920, 3650, lifetime	Days: 30, 90, 180, 365	Yes	1825 days	90 days	\$4,895.00	\$7,691.00	Issue age 65 rates quoted to include 5% compound inflation.
	Months: 24, 36, 48, 60, 72, 96, 120, lifetime	Days: 30, 90, 180, 365	Yes	5 years	90 days	\$4,998.00	\$7,852.00	Issue age 75 rates quoted without inflation benefit.
<b>John Hancock Life Insurance Co. (USA)</b>  For inquiries: (800) 377-3711 or www.johnhancocklife.com/individual	Years: 2, 3, 4, 5, 6, 10	Days: 30, 60, 90, 180, 365	Contact Company	5 years	90 days	\$2,281.50	\$5,791.50	
<b>MedAmerica Insurance Co.</b> Product: <b>Simplicity ii</b>  Product: <b>FlexCare</b> For inquiries: (800) 544-0327 or www.ltcmedamerica.com	CBA's* of \$100, \$200, \$300, \$500K, \$1M	Days: 30, 60, 90, 180	Yes	\$200K/\$4.5K (3.7 years)	90 days	\$1,867.46	\$3,782.40	*CBA: Cash Benefit Account
	Years: 1, 2, 3, 4, 5, 6, 7, 8, 10	Days: 30, 60, 90, 180,	Yes	3 years	100 days	\$1,139.67	\$2,709.32	

## Rate Comparison Chart: \$250/day benefit

Company	Available Benefits Periods	Available Elimination Periods	Premium deductible on Maine State income tax form?	Benefit period and Elimination Period used for comparison		1 <sup>st</sup> Year Premium		Notes
				Benefit Period	Elimination Period	Issue age 65 \$250/day benefit	Issue age 75 \$250/day benefit	
<b>Bankers Life and Casualty Co.</b>  For inquiries: (800) 231-9150 or www.bankers.com	Days: 365, 500, 730, 1000, 1095, 1460, 1500, 1825, 2000, 2190, 2500, 2920 days, lifetime	Days: 0, 15, 30, 60, 90, 180, 365, 730, 1095, 1460	Yes	1825 days (Policy pays up to maximum dollar amount)	90 days	\$5,401 Standard Single Insured	\$13,072 Standard Single Insured	Bankers sample premium includes premium for a Comprehensive Services Benefit Rider 310A & a Restoration of Benefits Rider
<b>Massachusetts Mutual Life Insurance Co.</b>  For inquiries: (800) 767-1000 ext. 22222 or www.massmutual.com	Years: 2, 3, 4, 5, 6	Days: 30, 60, 90, 180	Yes	5 years	90 days	\$3,576.30	\$9,939.24	
<b>New York Life Insurance Co.</b>  For inquiries: (800) 224-4582 or www.newyorklifelife.com	Years: 2, 3, 4, 5, 7, 10, lifetime	Days: 20, 90, 180, 365	Yes	5 years	90 days	\$3,162.83	\$8,289.91	
<b>Transamerica Life Insurance Co.</b>  For inquiries: (866) 475-8986 or www.transamericalife.com	Years: 1, 2, 3, 4, 5, 6, lifetime	Days: 0, 30, 60, 90, 180	Yes	5 years	90 days	\$3,267.69	\$8,827.88	
<b>Northwestern Long Term Care Insurance Co.</b>  For inquiries: (800) 890-6704 or www.northwesternmutual.com	Years: 3, 6, lifetime	Weeks: 6, 12, 25, 52	Yes	6 years	12 weeks	\$4,260	\$10,792.50	Northwest has a Monthly Limit (MML) versus and Daily Limit. For the \$250 day comparison, Northwest uses a \$7500 MML
<b>Genworth Life Insurance Co.</b>  For inquiries: (888) 436-9678 or www.genworth.com	Days: 730, 1095, 1460, 1825, 2190, 2920, 3650, lifetime	Days: 30, 90, 180, 365	Yes	1825 days	90 days	\$8,159*	\$12,818**	*Issue age 65 rates quoted to include 5% compound inflation.
	Months: 24, 36, 48, 60, 72, 96, 120, lifetime	Days: 30, 90, 180, 365	Yes	5 years	90 days	\$8,330*	\$13,087**	**Issue age 75 rates quoted without inflation benefit.

*\$250/day comparison continued on next page...*



## Rate Comparison Chart—\$250/day benefit

Company	Available Benefits Periods	Available Elimination Periods	Premium deductible on Maine State income tax form?	Benefit period and Elimination Period used for comparison		1 <sup>st</sup> Year Premium		Notes
				Benefit Period	Elimination Period	Issue age 65 \$250/day benefit	Issue age 75 \$250/day benefit	
<b>John Hancock Life Insurance Co. (USA)</b> For inquiries: (800) 377-3711 or <a href="http://www.johnhancocklhc.com/">www.johnhancocklhc.com/</a> individual	Years: 2, 3, 4, 5, 6, 10	Days: 30, 60, 90, 180, 365	Contact Company	5 years	90 days	\$3,802.50	\$9,652.50	
<b>Mutual of Omaha Insurance Co.</b> For inquiries: (800) 775-6000 or <a href="http://www.mutualofomaha.com">www.mutualofomaha.com</a>	Years: 2, 3, 4, 5, 6, 8, life-time	Days: 0, 30, 60, 90, 180, 365	Yes	5 years	90 days	\$3,483.36	\$10,325.08	
<b>State Farm Mutual Automobile Insurance Co.</b> For inquiries: <a href="http://www.statefarm.com">www.statefarm.com</a> or contact a local agent	Years: 2, 3, 5, 10	Days: 30, 60, 90, 180	No	5 years	90 days	\$4,117.50	\$10,737.50	
<b>United of Omaha Life Insurance Co.</b> For inquiries: (800) 775-6000 or <a href="http://www.mutualofomaha.com">www.mutualofomaha.com</a>	Years: 2, 3, 5, 6, 8, lifetime	Days: 0, 30, 60, 90, 180, 365	Yes	5 years	90 days	\$3,553.03	\$10,531.58	
<b>MedAmerica Insurance Co.</b> Product: <b>Simplicity ii</b>  Product: <b>FlexCare</b> For inquiries: (800) 544-0327 or <a href="http://www.ltcmedamerica.com">www.ltcmedamerica.com</a>	CBA's of: \$100, \$200, \$300, \$500K, \$1M	Days: 30, 60, 90, 180	Yes	\$300K/ \$7.5K (3.3 years)	90 days	\$2,299.72	\$5,962.95	*CBA: Cash Benefit Account
	Years: 1, 2, 3, 4, 5, 6, 7, 8, 10	Days: 30, 60, 90, 180, 365	Yes	3 years	100 days	\$1,899.45	\$4,515.53	

More information and other publications are available from:

### The Maine Bureau of Insurance

34 State House Station  
Augusta, ME 04333  
(207) 624-8475  
(800) 300-5000 (Maine only)  
TTY: *please call Maine Relay 711*  
Or online at:  
[www.maine.gov/insurance](http://www.maine.gov/insurance)  
August 2012

# Tips for Buying Long-term Care Insurance

## ♦ **Shop around**

This brochure provides some rates for comparison purposes, but if you are going to buy a policy, you should check with multiple companies to get personalized rate quotes. Look at these rates carefully: a more expensive policy may offer higher benefits, but they may not be benefits you anticipate needing. You should make sure that both the rates and benefits are appropriate for your needs.

## ♦ **Don't be misled by advertising**

Some insurance advertisements look like official government documents: don't trust what you receive unless you have checked with the stated governmental agency. Some agents or insurance companies may contact you by telephone or email asking you to provide or confirm personal information. Be careful in what information you give out, as it may be sold and used for future solicitations.

## ♦ **Do your homework**

If you are looking to buy a new policy, start by making sure that the agent and the insurance company are licensed in Maine by contacting the Bureau of Insurance.

Once you know that your agent and insurance company are licensed and you are looking at policies, ask for an outline of coverage before you buy. Make sure that you understand the benefits and the limitations of the policy and, if you are not getting the answers you need, you can always contact the Bureau.

Ask the company about its history of rate increases, as rates can increase dramatically as you get older. It is important to get as much information as you can up front, as insurance is a long-term investment you want to make sure that you can afford the premiums.

## ♦ **Complete your application accurately**

Your medical history on your application allows an insurance company to determine if they want to insure you. Inaccurate information may give the insurance company a reason in the future to deny your claim or cancel your contract. If your agent helps you with filling out the application, make sure to review all responses for accuracy.

## ♦ **Never pay cash**

Whenever you purchase insurance, use a check or electronic bank draft made payable directly to the insurance company.

## ♦ **Read your policy during the free-look period**

Maine law requires that companies offer a 30 day free-look period for long-term care insurance: take advantage of it! Read your policy, ask questions, and if you are not satisfied, you can return the policy for a refund. In case you do decide to return the policy, hold on to the envelope in which your policy was mailed or ask your agent for a delivery receipt when they provide you with the contract. The date the policy is delivered starts the 30 day period.